

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 818 - SB 815

March 10, 2021

SUMMARY OF BILL: Expands the list of entities who can develop mixed-finance projects with housing authorities and authorizes housing authorities to enter into payment in lieu of ad valorem tax agreements with such entities, upon approval by all applicable local legislative bodies.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- The proposed language:
 - Authorizes private parties who lease property owned by housing authorities to develop mixed-finance projects;
 - Authorizes housing authorities to enter into payment in lieu of ad valorem tax agreements with such entities;
 - Requires applicable municipal and county legislative bodies to authorize the housing authority to enter into such agreements.
- Pursuant to Tenn. Code Ann. § 13-20-102(16) and § 13-20-104(f):
 - A mixed-finance project is a project that is financially assisted by private parties, which may include low-income housing tax credits (LIHTC); and
 - Housing authorities are authorized to enter into payment in lieu of ad valorem tax agreements with lessees operating LIHTC property.
- For any agreement which is entered into, it will result in the private party paying the housing authority a payment in lieu of the private party paying the local government for ad valorem taxes due.
- If housing authorities enter into such agreements with private parties leasing property owned by the housing authority, it will result in an increase in revenue for the housing authority and an equal, corresponding decrease in revenue for the applicable local government.
- This analysis assumes, due to the fact that the agreement will be authorized by applicable local governments, that such payments will be in an amount equal to the ad valorem property taxes due by the private party.
- The proposed language will result in permissive shifts in local revenue from local governments to housing authorities; however, due to the fact that such shifts are

occurring between local governments and other public entities created by local governments, the net impact to local government is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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